HIGHLIGHTS FROM

INTERNAL CONTROL QUESTIONNAIRE

(ICQ)

MACRS 2015
ADMINISTRATOR'S ROUNDTABLE
JUNE 2, 2015

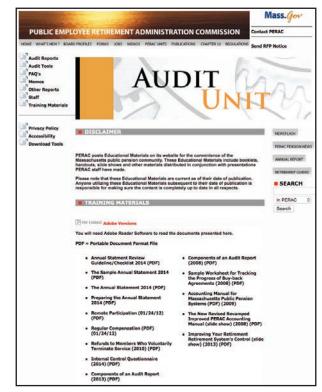
Harry Chadwick | Chief Auditor Scott Henderson | Auditor

RETIREMENT SYSTEM:
RESPONDENT:
EXAMINER:
YEARS COVERED:





The ICQ form can be downloaded from the PERAC website at:





 Select EDUCATION tab and scroll down to AUDIT/Internal Control Questionnaire

 Select AUDIT UNIT/Training Materials/ Internal Control Questionnaire



Five Middlesex Avenue, Suite 304, Somerville, MA 02145 ph 617 666 4446 | fax 617 628 4002 | tty 617 591 8917 www.mass.gov/perac

Instructions

Please answer the following questions by checking either Y (yes) or N (no), or providing a brief response when requested.

General Administration

 Are the files of members and retirees protected from loss due to fire or theft? Describe the fire proof or fire resistant cabinets mainted by the system. 							
	1.2						
	1.3	Describe the waterproof or flood resistant cabinets maintained by the system. Describe the security measures that control or limit access to these files.					
	1.3						
2.		the Board have an emergency plan in the event of a natural or man-made disaster sonably contemplated?		Υ		N	<u> </u>
Attach a copy of that plan or policy or describe the guidelines that would implement those procedures							
5.	List al	staff employees and identify their job title and primary functions.					
	Syster	n or Board Administrator					
	Memb	per Services					
	Retire	ment Counselor					
	Financ	te and Accounting					
	Gener	al Administration					
	Refun	ds, Transfers, Rollovers, Buybacks					
9.	Does	the Board have an established policy on providing original documents to confirm:					
		The Birth date of the member, spouse or beneficiary?		Υ		Ν	
		Prior public retirement system membership time and creditable service?		Υ		Ν	
		Military Service?		Υ		N	
		Current Marital Status?		Υ		N	
		Current School Enrollment status of a beneficiary?		Υ		Ν	
		Department of Revenue Child Support status?		Υ		N	

Board Duties

33. A ro			%	Y	l N	
8. A re 8. 8. 8.	Are Bo etirer 3.1. 3.2 3.3	of all accounts within the retirement system's: General Ledger, Cash Receipts, Cash Disbursements, Adjusting Journal Entries, Budget to Actual comparison and reconciliations of cash accounts at the monthly Board meeting? Our Members and appropriate employees bonded for at least ten percent of the ment system assets or \$500,000? What is the amount of the bond? What percentage of the assets does the bonding level represent? Is the Treasurer covered by the bond?	%	Υ□		
8 8 8 8	etirer 3.1. 3.2 3.3	what is the amount of the bond? What percentage of the assets does the bonding level represent? Is the Treasurer covered by the bond?	<u> </u>		l N	Į
8	3.2 3.3	What percentage of the assets does the bonding level represent? Is the Treasurer covered by the bond?		Υ 🗆		
8	3.3	Is the Treasurer covered by the bond?		Y 🗆		
8		•		Y 🗆		
	3.4	What company are you bonded with? Specify:			l N	Ţ
5. C						
	Оо Во	ard Members exercise their proxy rights?		Υ 🗆	l N	Į
		Board following opinions issued by PERAC? Correspondence should be reviewed eviations should be identified and explained.		Υ 🗆	l N	(
S -	Specif	y:	_			
- 2 0. [Does 1	the Board have a Business Continuity Plan? (Please attach copy of plan)	_	Y 🗆	I N	(
2	20.1	Has it been tested?		Υ□	l N	[
2	20.2	Does Board with the staff do a risk analysis annually and plan and revise procedures to minimize the risks identified?		Υ 🗆	l N	(
n v	nemb vhich	the system have a process by which all member units notify the Board when a per has been charged with misappropriation of funds of any governmental unit in the member is or was employed at the time of his retirement or termination of e, as provided by G.L. c.32, s.15?				
2	21.2	Do you have a process to receive notices from the Law Enforcement?		Υ□	l N	Ţ
		If yes, please describe the process by which you are notified.				

Contracts

L	ist the names of all vendors.					
A	Actuarial:					
(Consultant:					
(PA or Financial					
I	nvestment Consultant:					
I	nvestment Manager:					
(Custodian:					
	(1-5)					
	THE FOLLOWING ADDITIONAL INFORMATION IS REQUIRED FOR PROFESSIONAL INVESTMENT SERVICE CONTRACT:					
	(6-13)					
	OTHER CONTRACTS AND EMPLOYMENT CONTRACTS					
	(14-16)					
Inf	formation Technology					
1.	Describe the configuration and software applications currently employed by the system automated functions specific to the following:	n for				
	Membership database:					
	Investment management:					
	Financial management:					
	Staff Payroll:					
	Internet Access:					
2.1						
	Does the Retirement System's software (PTG/Tyler, etc.) produce exception reports for audit review?		Υ		N	_
			'	<u> </u>	N N	_ _
	reports for audit review?		'	_		<u> </u>

Information Security

Responses to this section should be done in consultation wi	th
your contracting IT vendor or agent.	

3.1 What is the most current period that has been transferred?

Month: _____ Year: _____

(1-12)

Fiscal

(1-5)

Transfers

2.	 Has the system made any transfers between fund balances that are not authorized by statute? 				N	
	2.1 If No, please attach a copy of the policy or describe the rules as generally understood.					
3.	Has the system identified non-vested inactive members or beneficiaries who exceed the 10 year limit and transfer their accumulated ASF balance to the PRF?		Υ		N	

Cash

2.	What is the current Board policy for the record of signature authority and limitations for checks, all checking accounts, all demand deposits, transfers between deposit accounts and wire transfer of funds? Please provide copies of the most current authorized signature cards for all Bank Accounts.
8.	What are the Board's procedures for maintaining and approving a check log for all checking accounts? (Please include names of assigned staff)
	8.2 Who is responsible for the maintenance and security of the blank check stock?

Receipts

(1-5)

Disbursements

1. Who processes and mails vendor , and refund/transfer checks?								
	1.1	Who signs the checks?						
	1.2	Is the signature manual?	Y		Ν			
		If No, is the automated signature only accessible by the treasury department or other independent group?	Y		N			
	1.3	Are dual signatures ever required?	Y		Ν			
		If dual signatures are required when are they required?						
2.	Who	processes and mails retiree payroll checks and pay advices?						
	2.1	Does the individual named above also process journal entries?	Y		N			
	2.2	Does the individual named have access to blank check stock?	Y		Ν			
	2.3	Who activates and processes retiree payroll direct deposits?						
	2.4	Who signs the staff and retiree payroll checks?						
		Is the signature manual or automated?						
		Is the automated signature only accessible by the treasury department or other independent group?	Y		N			
4.	Are a	ll expenses approved and authorized by the Retirement Board Members?	Y		N			
	4.2	Is this approval a ratification of completed transactions?	Y		Ν			
	4.3	Is this approval authorized in advance of issuing payments?	Y		N			
7.		is the Board's specific procedure to forecast monthly cash balances before cash disbursements hade?						
	7.1	Does the Board review the forecasted figure before approving monthly expenditures?	Y		N			
		If No, please explain what the Board uses to base its approval for expenditures.						

Investments

IF THE BOARD HAS PLACED ALL OF THE SYSTEM ASSETS WITH THE PRIM BOARD FOR MANAGEMENT, PLEASE INDICATE AND SKIP THIS SECTION, YES ___

5.		was the most recent evaluatio held?	n of each investment manager h	ired by the				
		Manager	Month	Year				
		Manager	Month	Year				
		Manager	Month	Year				
			Month					
			Month					
		5	Month					
		Manager		rear				
6.	List o	identify the criteria used to ev	aluate the performance of this m	nanager?				
_				d.				
7.		the performance measurement s manager's term?	t standards been changed during	g the course			N	
	7.1	_	regard to this investment manage	nor.	'	_	IN	_
	/. I	(Watch; Warn; Terminate)?	regard to this investment manag	gei	Y		N	
_								
8.		e fees charged by the manage ership, or other binding docum	er reconciled with the relevant te lent?	rms of the contract,	Y		N	
	8.1		oves the payment of fees for inve	estment management.		_		
	8. 2		oves the payment of capital calls	-	1			
		, , , , , , , , , , , , , , , , , , , ,		, ,				
9.	Does	the Roard authorize approve o	r ratify fees for investment mana	agement services?			N	П
•	9.1	, , , ,	s included on the Warrant for Boa	3	'	_	11	_
	J. I	 Invoiced by the Manager 		ard action.	Y		N	
		 Invoiced by the Manager 			, Y		N	
		•	as paid out of invesment earnin	as?	Y	_	N	
		,	ts reported by the investment?	J	Υ	_	N	
			ts reported by the Pooled Fund?		Y		N	
	9.2		nvestment earnings detailed to o	on the				
		Warrant monthly?	The second control of	· · · ·	Y		N	

Membership

9)		type of retirement counseling does the system offer members? fy:		
	9.1	Is the system distributing any written retirement information?	Υ□	N 🗆
		Specify:		
	9.2	Are the PERAC Retirement Guides distributed or available for review?	Υ□	N 🗆
	9.3	Do you provide individual retirement counseling upon request?	Υ□	N C
	9.4	Does the staff provide Post Retirement Earnings counseling to all Retirees?	Υ	N 🗆
11)	Does	the system identify and notify members who are approaching age 70?	Υ	N 🗆
17)	How	often does the system send out retiree affidavits to verify that they are alive?		
	• /	Annually	Υ	N 🗆
	· E	Bi-annually	Υ	N 🗆
	• (Other?		
	17.1	How many notices do you send?		
		What is the interval between follow up notices?		
		Monthly 2 Months 3 Months		

Disability Procedures

(1-23.1)

NOTES	

